

HIGHER EDUCATIONAL AIDS BOARD

Budget Summary							
Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$141,382,000	\$68,790,900	\$137,901,700	\$137,901,700	\$137,901,700	- \$3,480,300	- 2.5%
FED	1,751,600	1,396,400	2,792,800	2,792,800	2,792,800	1,041,200	59.4
PR	2,385,200	7,646,300	23,871,700	23,871,700	23,871,700	21,486,500	900.8
SEG	<u>153,000</u>	<u>76,800</u>	<u>153,600</u>	<u>153,600</u>	<u>153,600</u>	<u>600</u>	0.4
TOTAL	\$145,671,800	\$77,910,400	\$164,719,800	\$164,719,800	\$164,719,800	\$19,048,000	13.1%

FTE Position Summary						
Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
GPR	11.36	0.00	10.36	10.36	10.36	- 1.00
FED	0.00	0.00	0.00	0.00	0.00	0.00
PR	0.00	0.00	0.00	0.00	0.00	0.00
SEG	<u>0.64</u>	<u>0.00</u>	<u>0.64</u>	<u>0.64</u>	<u>0.64</u>	<u>0.00</u>
TOTAL	12.00	0.00	11.00	11.00	11.00	- 1.00

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$51,500
SEG	<u>600</u>
Total	\$52,100

Governor/Legislature: Adjust the base budget by \$32,500 GPR and \$300 SEG in 2003-04 and \$19,000 GPR and \$300 SEG in 2004-05 for: (a) full funding of salaries and fringe benefits (\$100 GPR annually); (b) reclassifications (\$3,900 GPR annually); (c) BadgerNet increases (\$26,600 GPR in 2003-04 and \$13,100 GPR in 2004-05); and (d) full funding of lease costs and directed moves (\$1,900 GPR and \$300 SEG annually).

2. BASE BUDGET REDUCTION

GPR	- \$80,300
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Governor/Legislature: Reduce the agency's general program operations appropriation by \$80,300 in 2003-04 and delete 1.0 position in 2003-04, which would represent a 10.7% reduction from the 2002-03 adjusted base.

3. WHEG PROGRAM FOR UW STUDENTS [LFB Paper 798]

GPR	- \$3,006,500
PR	<u>21,486,500</u>
Total	\$18,480,000

Governor: Reduce the Wisconsin higher education grants funding for UW students by \$1,093,700 GPR in 2003-04 and \$1,912,800 GPR in 2004-05. Provide \$6,453,700 PR in 2003-04 and \$15,032,800 PR in 2004-05 in supplemental funding through a new annual appropriation funded through transfers from the UW System's auxiliary enterprises appropriation. Total funding for WHEG-UW grants would increase from base funding of \$21,839,600 in 2002-03 to \$27,199,600 in 2003-04 and \$34,959,600 in 2004-05, which would represent 24.5% and 28.5% annual increases, respectively.

Supplemental funding for the WHEG-UW grants program would be provided through transfers from the UW System's auxiliary enterprise appropriation. As part of its operations, each UW System campus administers auxiliary enterprises, which are non-instructional facilities that provide services to students. These operations, including residence halls, dining halls, parking, and bookstores, are self-supporting through user fees, merchandise sales, and interest earnings. Other non-instructional activities, such as student government, student health services, transportation, student unions, and intercollegiate athletics, are funded, at least in part, through a segregated fee assessed to all students which is also included under the UW System's auxiliary reserve appropriation. Under current law, funding for auxiliary enterprises is provided in a continuing appropriation with base funding of \$443,500,500 in 2002-03.

Under current law, WHEG-UW funding increases are linked to the highest prior year increase for resident undergraduate tuition at any UW System institution starting in 2003-04. In order to realize the GPR reduction identified in the bill, the bill would need to be modified to delete or suspend this linkage. If the linkage remains unchanged from current law, GPR funding for WHEG-UW would need to increase an estimated \$2,511,600 in 2003-04 (11.5%) over 2002-03 and an estimated \$7,065,300 in 2004-05, which would represent an 18.7% increase in 2004-05 over 2003-04.

Joint Finance/Legislature: Modify the Governor's recommendation to suspend the link between prior year percentage increases in UW System undergraduate tuition and GPR funding for WHEG-UW grants until 2005-06. Specify that no monies may be expended or encumbered after June 30, 2005, from the PR-funded WHEG-UW appropriation funded from UW auxiliary reserves. Prohibit the Board of Regents from using monies accumulated in segregated fee accounts for funding financial aid. Require the UW System to submit the proposed allocation of the auxiliary reserve reductions by campus and auxiliary reserve account by September 15 in each year of the 2003-05 biennium for approval by DOA. Once approved by DOA, the proposed allocation would be submitted to the Joint Finance Committee for approval under a 14-day passive review process.

Veto by Governor [A-23 and A-24]: Eliminate the requirement for the UW System Board of Regents to submit to the Department of Administration and then to the Joint Committee on Finance under a 14-day passive review its plan for using auxiliary enterprise balances to fund student financial aid. In addition, delete the June 30, 2005, sunset date for the PR-funded

WHEG-UW financial aid appropriation funded from UW auxiliary reserves.

[Act 33 Sections: 318x, 329d, 385, 986b, 987b, 988b, 989, and 9157(1x)]

[Act 33 Vetoed Sections: 329d, 386d, 990g, 9157(1x), 9425(2x), and 9457(2x)]

4. WHEG PROGRAM -- MAXIMUM AWARD [LFB Paper 446]

Governor: Delete the current \$1,800 limit on the maximum grant award for the Wisconsin higher education grant (WHEG) program. Currently, the maximum tuition grant is statutorily set at \$1,800 during any one academic year. The WHEG program provides grants to resident undergraduate students enrolled at least half-time at UW institutions, Technical College System institutions and tribal colleges located in Wisconsin.

Joint Finance/Legislature: Delete the Governor's recommendation and, instead, increase the current statutory limit on maximum grants from \$1,800 to \$2,500.

[Act 33 Section: 984d]

5. MARQUETTE DENTAL SCHOOL TUITION AID [LFB Paper 495]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
GPR	-\$1,517,200	\$1,152,500	-\$364,700

Governor: Reduce funding for tuition assistance for Wisconsin residents enrolled in the Marquette Dental School by \$758,600 annually, which represents a 50% reduction to the adjusted base level. Delete current law that specifies the capitation payment amount of \$11,670. The current funding level of \$1,517,100 annually supports 130 students at the current annual aid level of \$11,670. Delete the current limit of 160 on the number of Wisconsin residents who may receive capitation payments. Delete the limit on the tuition that the Marquette Dental School may assess for a Wisconsin resident who receives state capitation aid, which specifies that tuition cannot exceed the difference between the tuition assessed a nonresident student enrolled and the capitation payment for Wisconsin residents enrolled.

Joint Finance/Legislature: Provide \$510,600 in 2003-04 and \$641,900 in 2004-05 to reflect a capitation amount of 75% of the amount provided under current law. Specify the capitation amount to be \$8,753, rather than \$11,670 under current law. Limit the number of students eligible for capitation aid to 145 in 2003-04 and to 160 in 2004-05 and thereafter. Specify that tuition at Marquette Dental School could not exceed the difference between the tuition assessed a nonresident student enrolled and the capitation payment for Wisconsin residents enrolled.

[Act 33 Section: 314d]

6. **WISCONSIN HEALTH EDUCATION ASSISTANCE LOAN
REPAYMENT TRANSFER**

GPR-REV \$1,000,000

Senate/Legislature: Require the Higher Educational Aids Board to transfer \$1,000,000 in 2003-04 of the available balance of funds related to the repayment of Wisconsin health education assistance loans (WHEAL). WHEAL revenue bonds were issued by the state during the early and mid-1980s to make funds available for loans to full-time medical and dental students. The bonds related to these loans have been repaid; however, HEAB continues to administer and collect payments for outstanding WHEAL loans.

[Act 33 Section: 9225(1f)]

7. **FEDERAL REVENUES**

FED \$1,041,200

Governor/Legislature: Reestimate federal revenues by \$520,600 annually above the base level of \$875,800 to reflect an anticipated increase in the amount of federal funding under the leveraging education assistance partnership (LEAP) grant program and the special leveraging educational assistance partnerships (SLEAP) grant program. In the 2003-05 biennium, the total amount received under the LEAP program is estimated at \$625,300 annually, and the amount received under the SLEAP program is estimated at \$771,200 annually. Federal monies from this program are combined with state funds under the talent incentive program.

8. **ELIMINATE HEAB** [LFB Paper 445]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
GPR	-\$68,038,600	- 11.36	\$67,958,300	10.36	-\$80,300	- 1.00
PR	- 16,225,400	0.00	16,225,400	0.00	0	0.00
FED	- 1,396,400	0.00	1,396,400	0.00	0	0.00
SEG	- 76,800	- 0.64	76,800	0.64	0	0.00
Total	-\$85,737,200	- 12.00	\$85,656,900	11.00	-\$80,300	- 1.00

Governor: Effective July 1, 2004, eliminate the Higher Educational Aids Board (HEAB) and the executive secretary position in HEAB and transfer HEAB's administrative duties and programs to the UW System Board of Regents.

Administration of Financial Aid. Delete \$771,000 GPR and 11.36 GPR positions, \$1,000 PR, and \$76,800 SEG with 0.64 SEG positions in 2004-05 for general program operations for HEAB. Specify that the unencumbered balance in the HEAB administrative appropriation would transfer to the UW. Provide \$196,900 GPR, \$1,000 PR, and \$76,800 SEG with 1.36 GPR and 0.64 SEG positions to the UW System Board of Regents for administration of financial aid programs transferred from HEAB. Provide \$103,700 GPR and 2.0 positions to DOA. According to executive budget documents, the positions provided to DOA would be utilized to ensure fair treatment by the UW System for the programs being administered on behalf of private institutions, the Wisconsin Technical College System, and the programs affecting Native

American students.

Provide that the incumbent employees transferred from HEAB to the UW System and to DOA would retain all employment rights and status that they held prior to the transfer and that no transferred employee who had attained permanent status in the classified service would be required to serve a new probationary period.

Transfer from HEAB to the UW System Board of Regents all assets, liabilities, tangible personal property, and records. Transfer all outstanding loans made under HEAB administered student loan programs. Provide that all contracts entered into by HEAB that were in effect prior to the transfer would remain in effect until their specified expiration date or until they were rescinded or modified by the UW, to the extent allowed under the contract. Provide that any pending matters would transfer to UW and all materials submitted to HEAB or actions taken by HEAB concerning the pending matter would be considered as having been submitted to or been taken by the UW System.

Specify that all rules promulgated and orders issued by HEAB that were in effect would remain in effect until their specified expiration date or until they were amended or repealed by the UW System. Permit the Board of Regents to establish policies, rather than promulgate rules, to administer the financial aid programs for which rules are required under current law.

Financial Aid Programs. Transfer \$67,267,600 GPR, \$16,224,400 PR and \$1,396,400 FED in 2004-05 to the UW System from HEAB for the following programs:

<u>Program</u>	<u>2004-05</u>	<u>Fund Source</u>
GPR Funded Programs		
Tuition Grant	\$22,103,700	GPR
Nursing Student Loan	450,000	GPR
Minority Teacher Loan	262,100	GPR
Teacher Education Loan	275,000	GPR
Teacher of the Visually Impaired	100,000	GPR
Dental Education Contract	758,500	GPR
Talent Incentive Grant	4,503,800	GPR
WHEG-UW Students	19,926,800	GPR
WHEG-WTCS Students	14,874,000	GPR
Minority Student Grant	756,900	GPR
Handicapped Student Grant	123,800	GPR
Academic Excellence Scholarship	<u>3,133,000</u>	GPR
Subtotal GPR Programs	\$67,267,600	GPR
PR Funded Programs		
Indian Student Grant	\$787,600	PR
WHEG-Tribal College Students	404,000	PR
WHEG-UW Supplemental Funding	<u>15,032,800</u>	PR
Subtotal PR Programs	\$16,224,400	PR
FED Funded Program		
Talent incentive grant program -- supplement	<u>\$1,396,400</u>	FED
Total -- All Funds	\$84,888,400	All Funds

Minnesota-Wisconsin Tuition Reciprocity Agreement Administration. Transfer administration of the Minnesota-Wisconsin reciprocity program from HEAB to the UW System Board of Regents. Under current law, the agreement is negotiated and administered jointly by the Minnesota Higher Educational Services Office and HEAB.

Medical and Dental Capitation Programs. Transfer administration of contracts with the Medical College of Wisconsin and the Marquette University Dental School from HEAB to the UW System Board of Regents. Under the medical and dental capitation contracts, state funding is provided as per capita tuition assistance for state residents enrolled at the Medical College of Wisconsin and Marquette University Dental School.

Joint Finance/Legislature: Delete provision and restore the Higher Educational Aids Board and its responsibilities as under current law. As part of the restoration of HEAB's administrative appropriations, delete \$80,300 GPR and 1.0 GPR position in 2004-05, so that the base budget reduction for 2003-04 under Item #2 would also apply to 2004-05.